

Message Text

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14

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 PM-04 H-02

L-03 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /072 W

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7618

INFO AMEMBASSY LONDON

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POUCHED FOR INFO TO ALL AMCONSULS IN CANADA

EO 11652 NA

TAGS EWWT CA

SUBJ MARITIME AFFAIRS: PENDING US MINIMUM RATE

LEGISLATION AND TENSIONS IN CANADIAN CONTAINER INDUSTRY

1. PENDING US LEGISLATION TO PROVIDE MINIMUM RATES BY
THIRD COUNTRY CARRIERS IS BEING DISCUSSED BY CANADIAN
BUREAUCRACY WITH VIEW TO DETERMINING IMPACT ON CANADA
IF ENACTED.

2. ACCORDING TO SENIOR CANADIAN TRANSPORT COMMISSION (CTC)
SOURCE, PRELIMINARY REACTIONS ARE BOTH POSITIVE AND
NEGATIVE. SOME OFFICIALS SEE THE IMPLEMENTATION OF SUCH
LEGISLATION AS INCREASING THE AVAILABILITY OF INDEPENDENT
(I.E., NON-CONFERENCE) LINER CARRIERS FOR THE CANADIAN
TRADES AND THUS HELPING REDUCE THE SHIPPING COSTS OF
CANADIAN EXPORTS. OTHERS, HOWEVER, PERCEIVE A
JURISDICTIONAL QUESTION FOR CANADA WITH RESPECT TO
SHIPMENTS ON THROUGH RATES OF GOODS TRANSITING THE
UNITED STATES TO/FROM THIRD COUNTRIES. FMC
EXAMINATION OF THE CANADIAN PORTIONS OF SUCH RATES
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THEY CONSIDER A POTENTIAL INTRUSION BY THE USG INTO

DOMESTIC CANADIAN MATTERS. NO CONSENSUS OF VIEW
EXISTS AMONG OFFICIALS YET.

3. IN RESPONSE TO QUESTION FROM TCO, SOURCE STATED THAT--
WHILE NO DATA EXISTS ON SUBJECT--CONFERENCE RATES TO/FROM
CANADA ON LINER SUITABLE CARGO APPEAR BEING UNDERMINED
BY SOVIET VESSELS BUT NOT TO SIGNIFICANT EXTENT. EQUAL
IN IMPORTANCE TO THE LIMITED SOVIET PENETRATION APPEARS
THAT WHICH HAS BEEN ACHIEVED BY THE NON-CONFERENCE CAST
GROUP, OF UNCERTAIN OWNERSHIP BUT GENERALLY CONSIDERED
TO BE CANADIAN ORGANIZED, WHICH EMPLOYS LEASED
CONTAINERSHIPS OF A VARIETY OF FLAGS AND OPERATES IN
DIRECT CANADIAN TRADES ON THE NORTH ATLANTIC.

4. COMMENT: RATES AND OTHER PRACTICES OF THE CONFERENCES
IN CANADIAN TRADES ARE NOT REGULATED; ONLY FILING OF
TARIFFS AND CONTRACTS IS REQUIRED BY THE SHIPPING
CONFERENCES EXEMPTION ACT (SEE OTTAWA A-558, OCTOBER 20,
1970). NOR DOES CANADA HAVE A NATIONAL FLAG, DEEP SEA
MERCHANT MARINE. WHETHER TO ESTABLISH ONE IS A
CURRENT POLITICAL ISSUE (SEE OTTAWA A-157, MARCH 10, 1975).

5. CANADIAN NATIONAL RAILWAYS (CNR) IS CURRENTLY
ATTEMPTING TO ACQUIRE AN 18 PERCENT INTEREST IN THE
BERMUDA AND SWISS COMPANIES WHICH CONTROL CAST,
BUT THERE HAS BEEN NO INDICATION CNR WOULD CHANGE
ITS NON-CONFERENCE CHARACTER OR BRING ITS
OPERATIONS UNDER THE CANADIAN FLAG. CNR'S MOTIVATIONS
APPEAR RELATED TO ITS RIVALRY WITH THE CANADIAN
PACIFIC RAILWAY FOR CONTROL OF LAND HAULS OF CONTAINERS.

6. CNR'S INITIATIVE HAS AROUSED CONSIDERABLE OPPOSITION
FROM HALIFAX INTERESTS WHICH SEE THIS GOVERNMENT OWNED
RAILROAD BY VIRTUE OF THIS NEW VENTURE POSSIBLY
FAVORING MONTREAL (WHERE CAST VESSELS GENERALLY OPERATE)
OVER EAST COAST PORTS, AS WELL AS FROM GREAT LAKES
CANADIAN FLAG SHIP OWNERS AND ORGANIZED LABOR WHICH
SEE CNR PROPOSED PURCHASE AS INHIBITING
GOC'S INTEREST IN ESTABLISHING DEEP SEA FLEET.
ACQUISITION WAS CHALLENGED BEFORE CTC WHICH ON
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SEPTEMBER 24 ANNOUNCED IT FOUND NO GROUNDS TO DISALLOW
PURCHASE. CABINET APPROVAL WILL BE REQUIRED BEFORE
CN CAN MAKE THE \$12 MILLION EXPENDITURE.
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